

Collective switching of energy: Progress report

Purpose of report

The purpose of this report is to provide an update on the progress being made in establishing an LGA Collective Switching of Energy offer for the sector.

Summary

At the Leadership Board on 19 September 2012 it was decided to support collective switching of energy, by promoting best practice and arranging a procurement framework of recommended collective switching specialists to enable Councils to access an energy switching service on as cost effective a basis as possible.

This report provides a progress update on the work, as requested by the Board.

Recommendation

That the Leadership Board note and approve the progress being made in establishing a collective energy switching framework.

Action

To be progressed by officers in line with the report.

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Collective switching of energy

Background

1. At your meeting in September, the Board made a decision on how the LGA was to support its member councils in collective energy switching. The decision reached was in 2 parts:
 - 1.1 To establish a procurement framework of 'recommended' collective switching specialists that councils can 'call off' should they choose to set up such an initiative. This would benefit councils by removing a large part of the procurement costs they would incur, and speed up the procurement process.
 - 1.2 To promote the benefits of collective switching and the work of existing councils in this field such as Cornwall, South Holland, South Lakeland and Tower Hamlets.

Procurement

2. Officers have been in contact with the Government Procurement Service (GPS) who have agreed to support the LGA in setting up a framework agreement, which will be put in place using a tender procedure under established procurement regulations.
3. It is currently anticipated that it would be possible to have a framework, from which Councils could procure an energy switching supplier, in place by early March 2013. This allows for the preparation of a specification of service, a fully compliant tendering procedure - including OJEC and advertising the opportunity to tender (which can take up to 52 days), evaluating the bidders (including all the PQQ works and interviewing any potential providers) and finalising the framework and legal checks. An estimated programme is set out at **Appendix 'A'**. This timeframe will be subject to refinement as the process is underway as e.g. the more bidders attracted, the longer time will be needed.
4. The benefits for Councils of the LGA conducting the procurement in this manner is that once the framework is in place, the running of mini-competitions by the councils (once councils have been granted access) to procure a provider will be much quicker. It is accepted that some Councils may require additional support and guidance in running such competitions, so the intention is to provide generic web-based guidance for doing so, as part of the overall offer.
5. Work has also been undertaken to ascertain whether there is already a suitable framework in place that councils can use. As a result of this work, Peterborough City Council's framework has been highlighted as a well-advanced scheme.
6. Officers have held initial discussions with Peterborough City Council who are the first council to set up an 'inter council' collective switching arrangement, involving 15 councils and covering an area of 2 million properties.

Item 1

7. Peterborough is at an advanced stage in the process of procuring a single switching company to work with and their OJEU Notice provides access for all local authorities in the UK. They are working with a range of companies providing support on the project including legal advisors and Local Partnerships.
8. Positive discussions with officers at Peterborough have confirmed that they are prepared to share with us the lessons they have learnt, including the results of reviews after each 'wave' of Councils take part. Discussions are continuing around the possibility of Peterborough acting to set up a framework of multiple switching companies for the LGA, given their experience and track record to date in this area. This may enable the framework to be expedited more swiftly. We in turn have agreed to promote the Peterborough scheme through the LGA website, encouraging more Councils to take part.
9. The Government Procurement Service have indicated that whilst they are willing to help the LGA with its framework, they will not set it up as they are keen not to duplicate work or set up schemes in competition with others.

Promotion

10. We are also working with DCLG on an Energy Summit which will take place towards the end of November. The date of the summit is yet to be confirmed, but it will include a Keynote address from the Secretary of State. Any further relevant information will be provided verbally at the Board meeting.
11. A collective switching webpage, housed on our website is currently being developed. This will include background information on collective switching, its purpose, its benefits and current best practice from within the sector. It is anticipated that this will be in place before the end of the month.